

OFFICE OF THE STATE CONTROLLER  
STATE MANDATED COSTS CLAIMING INSTRUCTIONS NO. 2009-13  
MANDATE REIMBURSEMENT PROCESS  
SCHOOL DISTRICTS

REVISED NOVEMBER 2, 2010

In accordance with Government Code (GC) Section 17561, eligible claimants may submit claims to the State Controller's Office (SCO) for reimbursement of costs incurred for state mandated programs. The claiming instructions and forms to be used for filing claims for the Mandate Reimbursement Process (MRP) program were issued subsequent to the Judgment and Peremptory Writ of Mandate issued by the Sacramento County Superior Court pursuant to the Case of California School Boards Association v. State of California (2009).

On March 27, 1986, the Commission determined that school districts incurred costs mandated by the State as a result of Chapter 486, Statutes of 1975, and Chapter 1459, Statutes of 1984. Specifically, the Commission found that these two statutes imposed a new program by requiring local governments to file claims in order to establish the existence of a mandated program, as well as to obtain reimbursement for the costs of mandated programs according to the provisions listed in the P's and G's adopted on November 20, 1986.

On July 19, 2005, pursuant to Chapter 72, Statutes of 2005, the Legislature directed the Commission to reconsider the test claim Statement of Decision (SOD) to determine whether the Mandate Reimbursement Process (MRP) program constitutes a reimbursable state-mandated program under Article XIII B, Section 6, in light of subsequently enacted state or federal statutes or case law. The Commission's decision is effective July 1, 2006, so that costs incurred up to that date would be reimbursable.

On May 25, 2006, the Commission adopted its SOD on reconsideration. The Commission determined that because Chapter 486, Statutes of 1975, was repealed by Chapter 879, Statutes of 1986, the MRP program is not subject to Article XIII B, Section 6 of the California Constitution. Applying the 1984 test claim statute, the Commission determined that Chapter 1459, Statutes of 1984, is reasonably within the scope of, or necessary to implement Article XIII B, Section 6, which was enacted in Proposition 4, a ballot measure approved in a statewide election. Therefore, on reconsideration, the Commission denied the test claim, finding that the statutes do not constitute a reimbursable state mandated program, effective July 1, 2006.

On March 9, 2009, the Third District Court of Appeal in the California School Boards Association v. State of California (2009), held that the Legislature's direction to set aside or reconsider prior Commission's decisions goes beyond the power of the Legislature and violates the separation of powers set forth in Article XIII, Section 3, of the California Constitution. The court directed the Commission to set aside its orders setting aside the SOD and to reinstate prior decisions.

On July 13, 2009, the Sacramento County Superior Court issued a Judgment and Peremptory Writ of Mandate Following Appeal directing the Commission to set aside as null and void the SOD on Reconsideration adopted on May 25, 2006, reconsidering its prior decisions in proceedings for MRP in its entirety, including any modifications made to the P's and G's as a result of the

May 25, 2006, decision, and to reinstate the previous determinations of the Commission in those proceedings.

On September 25, 2009, in accordance with the Peremptory Writ of Mandate, the Commission adopted the notice of adoption of order to set aside the SOD on reconsideration and order to set aside, and proposed an order to reinstate the original SOD and P's and G's for the MRP program adopted on September 27, 2005. The P's and G's are included as an integral part of the claiming instructions.

### **Eligible Claimants**

Except for community colleges, any school district as defined in GC Section 17519, that incurs increased costs as a result of this mandate, is eligible to claim reimbursement. Charter schools are not eligible claimants.

### **Filing Deadlines**

#### **A. Reimbursement Claims**

Claims for 2009-2010 must be filed with the SCO and be delivered or postmarked on or before **February 15, 2011**. Claims filed after **February 15, 2011**, are subject to a late penalty of 10% not to exceed \$10,000. **Claims filed more than one year after the deadline will not be accepted.**

#### **B. Late Penalty**

##### **1. Initial Claims**

Late initial claims are assessed a late penalty of 10% of the total amount of the initial claims without limitation.

##### **2. Annual Reimbursement Claims**

Annual reimbursement claims must be filed by February 15 of the following fiscal year in which costs were incurred or the claims will be reduced by a late penalty.

Late annual reimbursement claims are assessed a late penalty of 10% of the claim amount; \$10,000 maximum penalty.

### **Minimum Claim Cost**

GC Section 17564(a) provides that no claim may be filed pursuant to Sections 17551 and 17561, unless such a claim exceeds one thousand dollars (**\$1,000**), provided that a county superintendent of schools may submit a combined claim on behalf of school districts within their county if the combined claim exceeds **\$1,000**, even if the individual school district's claim does not each exceed **\$1,000**. The county superintendent of schools will determine if the submission of the combined claim is economically feasible and be responsible for disbursing the funds to each school district. These combined claims may be filed only when the county superintendent of schools is the fiscal agent for the districts. A combined claim must show the individual claim costs for each eligible school district. All subsequent claims based upon the same mandate will only be filed in the combined form unless a school district provides a written notice of its intent

to file a separate claim to the county superintendent of schools and to the SCO at least one hundred and eighty days prior to the deadline for filing the claim.

### **Reimbursement of Claims**

To be eligible for mandated cost reimbursement for any fiscal year, only actual costs may be claimed. These costs must be traceable and supported by source documents that show the validity of such costs, when they were incurred, and their relationship to the reimbursable activities. A source document is created at or near the same time the actual cost was incurred for the event or activity in question. Source documents may include, but are not limited to, employee time records or time logs, sign-in sheets, invoices, and receipts.

Evidence corroborating the source documents may include, but is not limited to, worksheets, cost allocation reports (system generated), purchase orders, contracts, agendas, training packets, and declarations. Declarations must include a certification or declaration stating: "I certify (or declare) under penalty of perjury under the laws of the State of California that the foregoing is true and correct," and must further comply with the requirements of Code of Civil Procedure Section 2015.5.

Evidence corroborating the source documents may include data relevant to the reimbursable activities otherwise in compliance with local, state, and federal government requirements. However, these documents cannot be substituted for source documents.

### **Audit of Costs**

All claims submitted to the SCO are subject to review to determine if costs are related to the mandate, are reasonable and not excessive, and if the claim was prepared in accordance with the SCO's claiming instructions and the P's & G's adopted by the Commission. If any adjustments are made to a claim, a Notice of Claim Adjustment specifying the activity adjusted, the amount adjusted, and the reason for the adjustment, will be mailed within thirty days after payment of the claim.

On-site audits will be conducted by the SCO as deemed necessary. Pursuant to GC Section 17558.5, Subdivision (a), a reimbursement claim for actual costs filed by a claimant is subject to audit by the SCO no later than three years after the date the actual reimbursement claim was filed or last amended, whichever is later. However, if no funds were appropriated or no payment was made to a claimant for the program for the fiscal year for which the claim was filed, the time for the Controller to initiate an audit shall commence to run from the date of initial payment of the claim. All documents used to support the reimbursable activities must be retained during the period subject to audit. If an audit has been initiated by the Controller during the period subject to audit, the retention period is extended until the ultimate resolution of any audit findings.

### **Retention of Claim Documentation**

All documentation to support actual costs claimed must be retained for a period of three years after the end of the calendar year in which the reimbursement claim was filed or last amended regardless of the year of costs incurred. When no funds were appropriated for initial claims at the time the claim was filed, supporting documents must be retained for three years from the date of initial payment of the claim. Therefore, all documentation to support actual costs claimed must be retained for the same period, and must be made available to the SCO on request.

### **Address for Filing Claims**

Submit a signed original and a copy of form FAM-27, Claim for Payment, and all other forms and supporting documents. **To expedite the payment process, please sign the form in blue ink, and attach a copy of the form FAM-27 to the top of the claim package.**

Use the following mailing addresses:

If delivered by  
U.S. Postal Service:

Office of the State Controller  
Attn: Local Reimbursements Section  
Division of Accounting and Reporting  
P.O. Box 942850  
Sacramento, CA 94250

If delivered by  
other delivery services:

Office of the State Controller  
Attn: Local Reimbursements Section  
Division of Accounting and Reporting  
3301 C Street, Suite 700  
Sacramento, CA 95816

Mandated costs claiming instructions and forms are available online at the SCO's Web site: [www.sco.ca.gov/ard\\_mancost.html](http://www.sco.ca.gov/ard_mancost.html). If you have any questions, call the Local Reimbursements Section at (916) 324-5729 or e-mail [LRSDAR@sco.ca.gov](mailto:LRSDAR@sco.ca.gov).

## AMENDMENT TO PARAMETERS AND GUIDELINES

Statutes 1975, Chapter 486

Statutes 1984, Chapter 1459

Statutes 2006, Chapter 47 (Budget Act of 2006)

Statutes 2007, Chapter 171 (Budget Act of 2007)

Statutes 2008, Chapter 268 (Budget Act of 2008)

Statutes 2009, Chapter 1, Third Extraordinary Session (Budget Act of 2009)

### *Mandate Reimbursement Process*

*CSM-4204 and 4485*

[For fiscal year 2006-2007, these parameters and guidelines are amended pursuant to the requirements of provision 7 of Item 0840-001-0001 of the Budget Act of 2006 to include Appendix A.]

[For fiscal year 2007-2008, these parameters and guidelines are amended pursuant to the requirements of provision 7 of Item 0840-001-0001, of the Budget Act of 2007 to include Appendix A.]

[For fiscal year 2008-2009, these parameters and guidelines are amended pursuant to the requirements of provision 6 of Item 0840-001-0001 of the Budget Act of 2008 to include appendix A.]

[For fiscal year 2009-2010, these parameters and guidelines are amended pursuant to the requirements of provision 6 of Item 0840-001-0001, of the Budget Act of 2009 to include Appendix A.]

Adopted: November 20, 1986  
First Amendment Adopted: March 26, 1987  
Second Amendment Adopted: October 26, 1995  
Third Amendment Adopted: January 30, 1997  
Fourth Amendment Adopted: September 25, 1997  
Fifth Amendment Adopted: October 29, 1998  
Sixth Amendment Adopted: September 30, 1999  
Seventh Amendment Adopted: September 28, 2000  
Eighth Amendment Adopted: October 25, 2001  
Ninth Amendment Adopted: February 27, 2003  
Tenth Amendment Adopted: September 25, 2003  
Eleventh Amendment Adopted: December 9, 2004  
Twelfth Amendment Adopted: September 27, 2005  
Thirteenth Amendment Adopted: March 26, 2010

## **I. SUMMARY OF THE MANDATE**

Statutes 1975, chapter 486, established the Board of Control's authority to hear and make determinations on claims submitted by local governments that allege costs mandated by the state. In addition, Statutes 1975, chapter 486 contains provisions authorizing the State Controller's Office to receive, review, and pay reimbursement claims for mandated costs submitted by local governments.

Statutes 1984, chapter 1459, created the Commission on State Mandates (Commission), which replaced the Board of Control with respect to hearing mandated cost claims. This law established the "sole and exclusive procedure" by which a local agency or school district is allowed to claim reimbursement as required by article XIII B, section 6 of the California Constitution for state mandates under Government Code section 17552.

Together these laws establish the process by which local agencies receive reimbursement for state-mandated programs. As such, they prescribe the procedures that must be followed before mandated costs are recognized. They also dictate reimbursement activities by requiring local agencies and school districts to file claims according to instructions issued by the Controller.

On March 27, 1986, the Commission determined that local agencies and school districts incurred "costs mandated by the state" as a result of Statutes 1975, chapter 486, and Statutes 1984, chapter 1459. Specifically, the Commission found that these two statutes imposed a new program by requiring local governments to file claims in order to establish the existence of a mandated program, as well as to obtain reimbursement for the costs of mandated programs.

## **II. ELIGIBLE CLAIMANTS**

Any local agency as defined in Government Code section 17518, or school district as defined in Government Code section 17519, which incurs increased costs as a result of this mandate is eligible to claim reimbursement of those costs.

## **III. PERIOD OF REIMBURSEMENT**

Reimbursement for state-mandated costs may be claimed as follows:

1. Actual costs for one fiscal year shall be included in each claim.
2. Pursuant to Government Code section 17561, subdivision (d)(1)(A), all claims for reimbursement of initial fiscal year costs shall be submitted to the State Controller within 120 days of the issuance date for the claiming instructions.
3. Pursuant to Government Code section 17560, a local agency or school district may, by February 15 following the fiscal year in which costs were incurred, file an annual reimbursement claim that details the costs actually incurred for that fiscal year.
4. In the event that revised claiming instructions are issued by the Controller pursuant to Government Code section 17558, subdivision (c) between November 15 and February 15, a local agency or school district filing an annual reimbursement claim shall have 120 days following the issuance date of the revised claiming instructions to file a claim.
5. If the total costs for a given fiscal year do not exceed \$1,000, no reimbursement shall be allowed except as otherwise allowed by Government Code section 17564.

6. There shall be no reimbursement for any period in which the Legislature has suspended the operation of a mandate pursuant to state law.<sup>1</sup>

#### **IV. REIMBURSABLE ACTIVITIES**

To be eligible for mandated cost reimbursement for any fiscal year, only actual costs may be claimed. Actual costs are those costs actually incurred to implement the mandated activities. Actual costs must be traceable and supported by source documents that show the validity of such costs, when they were incurred, and their relationship to the reimbursable activities. A source document is a document created at or near the same time the actual cost was incurred for the event or activity in question. Source documents may include, but are not limited to, employee time records or time logs, sign-in sheets, invoices, and receipts.

Evidence corroborating the source documents may include, but is not limited to, worksheets, cost allocation reports (system generated), purchase orders, contracts, agendas, training packets, and declarations. Declarations must include a certification or declaration stating, "I certify (or declare) under penalty of perjury under the laws of the State of California that the foregoing is true and correct," and must further comply with the requirements of Code of Civil Procedure section 2015.5. Evidence corroborating the source documents may include data relevant to the reimbursable activities otherwise in compliance with local, state, and federal government requirements. However, corroborating documents cannot be substituted for source documents.

The claimant is only allowed to claim and be reimbursed for increased costs for reimbursable activities identified below. Increased cost is limited to the cost of an activity that the claimant is required to incur as a result of the mandate.

For each eligible claimant, the following activities are reimbursable:

##### **A. Scope of Mandate**

Local agencies and school districts filing successful test claims and reimbursement claims incur state-mandated costs. The purpose of this test claim is to establish that local governments cannot be made financially whole unless all state-mandated costs -- both direct and indirect -- are reimbursed. Since local costs would not have been incurred for test claims and reimbursement claims but for the implementation of state-imposed mandates, all resulting costs are recoverable.

##### **B. Reimbursable Activities**

###### **1. Test Claims**

All costs incurred by local agencies and school districts in preparing and presenting successful test claims are reimbursable, including those same costs of an unsuccessful test claim if an adverse Commission ruling is later reversed as a result of a court order. These activities include, but are not limited to, the following: preparing and presenting test claims, developing parameters and guidelines, collecting cost data, and helping with the drafting of required claiming instructions. The costs of all successful test claims are reimbursable.

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<sup>1</sup>-Statutes 2006, Chapter 47, Item 8885-295-0001, Schedule (3)(y); Statutes 2007, chapter 171, Item 8885-295-0001, Schedule (3)(y); Statutes 2008, chapter 268, Item 8885-295-0001, Schedule (3)(y).

Costs that may be reimbursed include the following: salaries and benefits, materials and supplies, consultant and legal costs, transportation, and indirect costs.

## 2. Reimbursement Claims

All costs incurred during the period of this claim for the preparation and submission of successful reimbursement claims to the State Controller are recoverable by the local agencies and school districts, unless the Legislature has suspended the operation of mandate pursuant to state law. Allowable costs include, but are not limited to, the following: salaries and benefits, service and supplies, contracted services, training, and indirect costs.

Incorrect Reduction Claims are considered to be an element of the reimbursement process. Reimbursable activities for successful incorrect reduction claims include the appearance of necessary representatives before the Commission on State Mandates to present the claim, in addition to the reimbursable activities set forth above for successful reimbursement claims.

## 3. Training

### a. Classes

Include the costs of classes designed to assist the claimant in identifying and correctly preparing state-required documentation for specific reimbursable mandates. Such costs include, but are not limited to, salaries and benefits, transportation, registration fees, per diem, and related costs incurred because of this mandate. (One-time activity per employee.)

### b. Commission Workshops

Participation in workshops convened by the Commission is reimbursable. Such costs include, but are not limited to, salaries and benefits, transportation, and per diem. This does not include reimbursement for participation in rulemaking proceedings.

## V. CLAIM PREPARATION AND SUBMISSION

Each of the following cost elements must be identified for each reimbursable activity identified in Section IV, Reimbursable Activities, of this document. Each claimed reimbursable cost must be supported by source documentation as described in Section IV. Additionally, each reimbursement claim must be filed in a timely manner.

### A. Direct Cost Reporting

Direct costs are those costs incurred specifically for the reimbursable activities. The following direct costs are eligible for reimbursement.

#### 1. Salaries and Benefits

Report each employee implementing the reimbursable activities by name, job classification, and productive hourly rate (total wages and related benefits divided by productive hours). Describe the specific reimbursable activities performed and the hours devoted to each reimbursable activity performed.

#### 2. Materials and Supplies

Report the cost of materials and supplies that have been consumed or expended for the purpose of the reimbursable activities. Purchases shall be claimed at the actual price after



deducting discounts, rebates, and allowances received by the claimant. Supplies that are withdrawn from inventory shall be charged on an appropriate and recognized method of costing, consistently applied.

### 3. Contracted Services

Report the name of the contractor and services performed to implement the reimbursable activities. Attach a copy of the contract to the claim. If the contractor bills for time and materials, report the number of hours spent on the activities and all costs charged. If the contract is a fixed price, report the dates when services were performed and itemize all costs for those services.

### 4. Fixed Assets and Equipment

Report the purchase price paid for fixed assets and equipment (including computers) necessary to implement the reimbursable activities. The purchase price includes taxes, delivery costs, and installation costs. If the fixed asset or equipment is also used for purposes other than the reimbursable activities, only the pro-rata portion of the purchase price used to implement the reimbursable activities can be claimed.

### 5. Travel

Report the name of the employee traveling for the purpose of the reimbursable activities. Include the date of travel, destination point, the specific reimbursable activity requiring travel, and related travel expenses reimbursed to the employee in compliance with the rules of the local jurisdiction. Report employee travel time according to the rules of cost element A.1, Salaries and Benefits, for each applicable reimbursable activity.

### 6. Training

Report the cost of training an employee to perform the reimbursable activities, as specified in Section IV of this document. Report the name and job classification of each employee preparing for, attending, and/or conducting training necessary to implement the reimbursable activities. Provide the title, subject, and purpose (related to the mandate of the training session), dates attended, and location. If the training encompasses subjects broader than the reimbursable activities, only the pro-rata portion can be claimed. Report employee training time for each applicable reimbursable activity according to the rules of cost element A.1, Salaries and Benefits, and A.2, Materials and Supplies. Report the cost of consultants who conduct the training according to the rules of cost element A.3, Contracted Services.

## B. Indirect Cost Reporting

### 1. Local Agencies

Indirect costs are costs that are incurred for a common or joint purpose, benefiting more than one program, and are not directly assignable to a particular department or program without efforts disproportionate to the result achieved. Indirect costs may include both (1) overhead costs of the unit performing the mandate; and (2) the costs of the central government services distributed to the other departments based on a systematic and rational basis through a cost allocation plan.

Compensation for indirect costs is eligible for reimbursement utilizing the procedure provided in the Office of Management and Budget (OMB) Circular A-87. Claimants have

the option of using 10% of direct labor, excluding fringe benefits, or preparing an Indirect Cost Rate Proposal (ICRP) if the indirect cost rate claimed exceeds 10%.

If the claimant chooses to prepare an ICRP, both the direct costs (as defined and described in OMB Circular A-87 Attachments A and B) and the indirect costs shall exclude capital expenditures and unallowable costs (as defined and described in OMB Circular A-87 Attachments A and B). However, unallowable costs must be included in the direct costs if they represent activities to which indirect costs are properly allocable.

The distribution base may be (1) total direct costs (excluding capital expenditures and other distorting items, such as pass-through funds, major subcontracts, etc.), (2) direct salaries and wages, or (3) another base which results in an equitable distribution.

In calculating an ICRP, the claimant shall have the choice of one of the following methodologies:

- a. The allocation of allowable indirect costs (as defined and described in OMB Circular A-87 Attachments A and B) shall be accomplished by (1) classifying a department's total costs for the base period as either direct or indirect, and (2) dividing the total allowable indirect costs (net of applicable credits) by an equitable distribution base. The result of this process is an indirect cost rate which is used to distribute indirect costs to mandates. The rate should be expressed as a percentage which the total amount allowable indirect costs bears to the base selected; or
- b. The allocation of allowable indirect costs (as defined and described in OMB Circular A-87 Attachments A and B) shall be accomplished by (1) separating a department into groups, such as divisions or sections, and then classifying the division's or section's total costs for the base period as either direct or indirect, and (2) dividing the total allowable indirect costs (net of applicable credits) by an equitable distribution base. The result of this process is an indirect cost rate that is used to distribute indirect costs to mandates. The rate should be expressed as a percentage which the total amount allowable indirect costs bears to the base selected.

## 2. School Districts

Indirect costs are costs that have been incurred for common or joint purposes. These costs benefit more than one cost objective and cannot be readily identified with a particular final cost objective without effort disproportionate to the results achieved. After direct costs have been determined and assigned to other activities, as appropriate, indirect costs are those remaining to be allocated to benefited cost objectives. A cost may not be allocated as an indirect cost if any other cost incurred for the same purpose, in like circumstances, has been claimed as a direct cost.

Indirect costs include: (a) the indirect costs originating in each department or agency of the governmental unit carrying out state mandated programs, and (b) the costs of central governmental services distributed through the central service cost allocation plan and not otherwise treated as direct costs.

School districts must use the J-380 (or subsequent replacement) non-restrictive indirect cost rate provisionally approved by the California Department of Education.

## 3. County Offices of Education

County offices of education must use the J-580 (or subsequent replacement) non-restrictive indirect cost rate provisionally approved by the California Department of Education.

#### **4. Community College Districts**

Community colleges have the option of using: (1) a federally approved rate, utilizing the cost accounting principles from the Office of Management and Budget Circular A-21, "Cost Principles of Educational Institutions"; (2) the rate calculated on State Controller's Form FAM-29C; or (3) a 7% indirect cost rate.

### **VI. RECORD RETENTION**

Pursuant to Government Code section 17558.5, subdivision (a), a reimbursement claim for actual costs filed by a local agency or school district pursuant to this chapter<sup>2</sup> is subject to the initiation of an audit by the Controller no later than three years after the date that the actual reimbursement claim is filed or last amended, whichever is later. However, if no funds are appropriated or no payment is made to a claimant for the program for the fiscal year for which the claim is filed, the time for the Controller to initiate an audit shall commence to run from the date of initial payment of the claim. In any case, an audit shall be completed not later than two years after the date that the audit is commenced. All documents used to support the reimbursable activities, as described in Section IV, must be retained during the period subject to audit. If an audit has been initiated by the Controller during the period subject to audit, the retention period is extended until the ultimate resolution of any audit findings.

### **VII. OFFSETTING SAVINGS AND REIMBURSEMENTS**

Any offsetting savings the claimant experiences in the same program as a direct result of the same statutes or executive orders found to contain the mandate shall be deducted from the costs claimed. In addition, reimbursement for this mandate from any source, including but not limited to, services fees collected, federal funds, and other state funds, shall be identified and deducted from this claim.

### **VIII. STATE CONTROLLER'S CLAIMING INSTRUCTIONS**

Pursuant to Government Code section 17558, subdivision (b), the Controller shall issue claiming instructions for each mandate that requires state reimbursement not later than 60 days after receiving the adopted parameters and guidelines from the Commission, to assist local agencies and school districts in claiming costs to be reimbursed. The claiming instructions shall be derived from the statute or executive order creating the mandate and the parameters and guidelines adopted by the Commission.

Pursuant to Government Code section 17561, subdivision (d)(1), issuance of the claiming instructions shall constitute a notice of the right of the local agencies and school districts to file reimbursement claims, based upon parameters and guidelines adopted by the Commission.

### **IX. REMEDIES BEFORE THE COMMISSION**

Upon request of a local agency or school district, the Commission shall review the claiming instructions issued by the State Controller or any other authorized state agency for

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<sup>2</sup> This refers to Title 2, division 4, part 7, chapter 4 of the Government Code.

reimbursement of mandated costs pursuant to Government Code section 17571. If the Commission determines that the claiming instructions do not conform to the parameters and guidelines, the Commission shall direct the Controller to modify the claiming instructions and the Controller shall modify the claiming instructions to conform to the parameters and guidelines as directed by the Commission.

In addition, requests may be made to amend parameters and guidelines pursuant to Government Code section 17557, and California Code of Regulations, title 2, section 1183.2.

#### **X. LEGAL AND FACTUAL BASIS FOR THE PARAMETERS AND GUIDELINES**

The Statement of Decision is legally binding on all parties and provides the legal and factual basis for the parameters and guidelines. The support for the legal and factual findings is found in the administrative record for the test claim. The administrative record, including the Statement of Decision, is on file with the Commission.

**(Continue to Appendix A)**

## PARAMETERS AND GUIDELINES

Statutes 1975, Chapter 486  
Statutes 1984, Chapter 1459

### *Mandate Reimbursement Process* *CSM-4204 and 4485*

#### APPENDIX A

##### Limitation on Reimbursement for Independent Contractor Costs During Fiscal Years

2006-2007  
2007-2008  
2008-2009  
2009-2010<sup>3</sup>

- A. If a local agency or school district contracts with an independent contractor for the preparation and submission of reimbursement claims, the costs reimbursable by the state for that purpose shall not exceed the lesser of (1) 10 percent of the amount of the claims prepared and submitted by the independent contractor, or (2) the actual costs that would necessarily have been incurred for that purpose if performed by employees of the local agency or school district.

The maximum amount of reimbursement provided in subdivision (a) for an independent contractor may be exceeded only if the local agency or school district establishes, by appropriate documentation, that the preparation and submission of these claims could not have been accomplished without incurring the additional costs claimed by the local agency or school district.

- B. Costs incurred for contract services and/or legal counsel that assist in the preparation, submission and/or presentation of claims are recoverable within the limitations imposed under A. above. Provide copies of the invoices and/or claims that were paid. For the preparation and submission of claims pursuant to Government Code sections 17561 and 17564, submit an estimate of the actual costs that would have been incurred for that purpose if performed by employees of the local agency or school district; this cost estimate is to be certified by the governing body or its designee.

If reimbursement is sought for independent contractor costs that are in excess of [Test (1)] ten percent of the claims prepared and submitted by the independent contractor or [Test (2)] the actual costs that necessarily would have been incurred for that purpose if performed by employees or the local school district, appropriate documentation must be submitted to show that the preparation and submission of these claims could not have been accomplished without the incurring of the additional costs claimed by the local agency or

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<sup>3</sup> The limitation added by Statutes 2006, Chapter 47 (Budget Act of 2006); Statutes 2007, Chapter 171 (Budget Act of 2007); Statutes 2008, Chapter 268 (Budget Act of 2008); Budget Act of 2009, Statutes 2009, Third Extraordinary Session, chapter 1, in Item 0840-001-0001, Provision 6, is shown as part A of this Appendix.

school district. Appropriate documentation includes the record of dates and time spent by staff of the contractor for the preparation and submission of claims on behalf of the local agency or school district, the contractor's billed rates, and explanation on reasons for exceeding Test (1) and/or Test (2). In the absence of appropriate documentation, reimbursement is limited to the lesser of Test (1) and/or Test (2). No reimbursement shall be permitted for the cost of contracted services without the submission of an estimate of actual costs by the local agency or school district.

<b>MANDATE REIMBURSEMENT PROCESS CLAIM FOR PAYMENT</b>			<b>For State Controller Use Only</b>	<b>PROGRAM  042</b>
(01) Claimant Identification Number			<b>Reimbursement Claim Data</b>	
(02) Claimant Name			(22) FORM-1, (04)(1)(f)	
County of Location			(23) FORM-1, (04)(2)(f)	
Street Address or P.O. Box		Suite	(24) FORM-1, (04)(3)(A)(f)	
City	State	Zip Code	(25) FORM-1, (04)(3)(B)(f)	
		<b>Type of Claim</b>	(26) FORM-1, (06)	
		(03) (09) Reimbursement <input type="checkbox"/>	(27) FORM-1, (07)	
		(04) (10) Combined <input type="checkbox"/>	(28) FORM-1, (08)	
		(05) (11) Amended <input type="checkbox"/>	(29) FORM-1, (10)	
<b>Fiscal Year of Cost</b>	(06)	(12)	(30) FORM-1, (11)	
<b>Total Claimed Amount</b>	(07)	(13)	(31)	
Less: <b>10% Late Penalty</b> (refer to attached Instructions)		(14)	(32)	
Less: <b>Prior Claim Payment Received</b>		(15)	(33)	
<b>Net Claimed Amount</b>		(16)	(34)	
<b>Due from State</b>	(08)	(17)	(35)	
<b>Due to State</b>		(18)	(36)	
<p><b>(37) CERTIFICATION OF CLAIM</b></p> <p>In accordance with the provisions of Government Code Sections 17560 and 17561, I certify that I am the officer authorized by the school district to file mandated cost claims with the State of California for this program, and certify under penalty of perjury that I have not violated any of the provisions of Article 4, Chapter 1 of Division 4 of Title 1 Government Code.</p> <p>I further certify that there was no application other than from the claimant, nor any grants or payments received, for reimbursement of costs claimed herein; claimed costs are for a new program or increased level of services of an existing program; and claimed amounts do not include charter school costs, either directly or through a third party. All offsetting savings and reimbursements set forth in the parameters and guidelines are identified, and all costs claimed are supported by source documentation currently maintained by the claimant.</p> <p>The amount for this reimbursement is hereby claimed from the State for payment of actual costs set forth on the attached statements.</p> <p>I certify under penalty of perjury under the laws of the State of California that the foregoing is true and correct.</p> <div style="display: flex; justify-content: space-between;"> <div style="width: 45%;"> <p>Signature of Authorized Officer</p>    <p>_____</p> </div> <div style="width: 45%;"> <p>Date Signed _____</p> <p>Telephone Number _____</p> <p>E-Mail Address _____</p> </div> </div> <p>Type or Print Name and Title of Authorized Signatory _____</p> <div style="display: flex; justify-content: space-between;"> <div style="width: 45%;"> <p>(38) Name of Agency Contact Person for Claim</p>    <p>_____</p> <p>Name of Consulting Firm/Claim Preparer</p>    <p>_____</p> </div> <div style="width: 45%;"> <p>Telephone Number _____</p> <p>E-mail Address _____</p> <p>Telephone Number _____</p> <p>E-mail Address _____</p> </div> </div>				

<b>PROGRAM</b> <b>042</b>	<b>MANDATE REIMBURSEMENT PROCESS</b> <b>CLAIM FOR PAYMENT</b> <b>INSTRUCTIONS</b>	<b>FORM</b> <b>FAM-27</b>
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- (01) Enter the claimant number assigned by the State Controller's Office.
- (02) Enter your Official Name, County of Location, Street or P. O. Box address, City, State, and Zip Code.
- (03) to (08) Leave blank.
- (09) If filing a reimbursement claim, enter an "X" in the box on line (09) Reimbursement.
- (10) If filing a combined reimbursement claim on behalf of districts within the county, enter an "X" in the box on line (10) Combined.
- (11) If filing an amended reimbursement claim, enter an "X" in the box on line (11) Amended.
- (12) Enter the fiscal year for which actual costs are being claimed.
- (13) Enter the amount of the reimbursement claim as shown in the attached Form-1 line (11). The total claimed amount must exceed \$1,000.
- (14) Initial claims must be filed as specified in the claiming instructions. Annual reimbursement claims must be filed by **February 15** of the following fiscal year in which costs were incurred or the claims must be reduced by a late penalty. Enter zero if the claim was timely filed. Otherwise, enter the penalty amount as a result of the calculation formula as follows:
- Late Initial Claims: FAM-27 line(13) multiplied by 10%, without limitation; or
  - Late Annual Reimbursement Claims: FAM-27, line (13) multiplied by 10%, late penalty not to exceed \$10,000.
- (15) Enter the amount of payment, if any, received for the claim. If no payment was received, enter zero.
- (16) Enter the net claimed amount by subtracting the sum of lines (14) and (15) from line (13).
- (17) If line (16), Net Claimed Amount, is positive, enter that amount on line (17), Due from State.
- (18) If line (16), Net Claimed Amount, is negative, enter that amount on line (18), Due to State.
- (19) to (21) Leave blank.
- (22) to (36) Reimbursement Claim Data. Bring forward the cost information as specified on the left-hand column of lines (22) through (36) for the reimbursement claim, e.g., Form-1, (04)(1)(f), means the information is located on Form-1, line (04)(1), column (f). Enter the information on the same line but in the right-hand column. Cost information should be rounded to the nearest dollar, i.e., no cents. Indirect costs percentage should be shown as a whole number and without the percent symbol, i.e., 7.548% should be shown as 8.  
**Completion of this data block will expedite the payment process.**
- (37) Read the statement of Certification of Claim. The claim must be dated, signed by the agency's authorized officer, and must type or print name, title, date signed, telephone number and email address. **Claims cannot be paid unless accompanied by an original signed certification. To expedite the payment process, please sign the form FAM-27 with blue ink, and attach a copy of the form FAM-27 to the top of the claim package.**
- (38) Enter the name, telephone number, date signed, and e-mail address of the agency contact person for the claim. If the claim was prepared by a consultant, type or print the name of the consulting firm, the claim preparer, telephone number, and e-mail address.

**SUBMIT A SIGNED ORIGINAL, AND A COPY OF FORM FAM-27, WITH ALL OTHER FORMS TO:**

***Address, if delivered by U.S. Postal Service:***

**OFFICE OF THE STATE CONTROLLER  
 ATTN: Local Reimbursements Section  
 Division of Accounting and Reporting  
 P.O. Box 942850  
 Sacramento, CA 94250**

***Address, if delivered by other delivery service:***

**OFFICE OF THE STATE CONTROLLER  
 ATTN: Local Reimbursements Section  
 Division of Accounting and Reporting  
 3301 C Street, Suite 700  
 Sacramento, CA 95816**



<b>Program</b> <b>042</b>	<b>MANDATED COSTS</b> <b>MANDATE REIMBURSEMENT PROCESS</b> <b>CLAIM SUMMARY</b>					<b>FORM</b> <b>1</b>
(01) Claimant				(02) Type of Claim		Fiscal Year
				Reimbursement		
(03) Leave blank						
<b>Direct Costs</b>		<b>Object Accounts</b>				
(04) Reimbursable Activities	(a) Salaries and Benefits	(b) Materials and Supplies	(c) Contract Services	(d) Fixed Assets	(e) Travel and Training	(f) Total
1. Test Claims						
2. Reimbursement Claims						
3. <b>Training</b>						
A. Classes						
B. Commission Workshops						
(05) Total Direct Costs						
<b>Indirect Costs</b>						
(06) Indirect Cost for Test Claims				[Refer to claiming Instructions]		
(07) Indirect Cost Rate for Non Test Claims				[Refer to claiming Instructions]		
(08) Indirect Costs for Non Test Claims				[Refer to claiming Instructions] \$		
(09) Total Direct and Indirect Costs				[Line (05)(f) + Line (06) + Line (08)]		
<b>Cost Reduction</b>						
(10) Less: Offsetting Savings						
(11) Less: Other Reimbursements						
(12) Total Claimed Amount				[Line (09) - {(Line (10) - Line (11))}]		

<b>Program</b> <b>042</b>	<b>MANDATE REIMBURSEMENT PROCESS</b> <b>CLAIM SUMMARY</b> <b>INSTRUCTIONS</b>	<b>FORM</b> <b>1</b>
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- (01) Enter the name of the claimant.
- (02) Enter the fiscal year of claim.
- (03) Leave Blank
- (04) For each reimbursable activity, enter the total amount from Form 2, line (05), columns (d) through (i) to Form 1, block (04), columns (a) through (f) in the appropriate row. Total each row and enter the amount in column (g).
- (05) Total Direct Costs. Enter sum of each column (a) through (g), by adding each reimbursable activity from lines (04)1 to (04)3B.
- (06) Total Indirect Costs for Test Claims. (**Note:** This amount plus Form 1, line (04)1. (g) should equal Form 3, line (5).)
- (07) Indirect Cost Rate for Non Test Claims. Enter the rate applicable to Reimbursement Claims including IRCs, line (04) 2, and Training, line (04) 3A and 3B, only. Enter the indirect cost rate from the Restricted Indirect Cost Rates for K-12 Local Educational Agencies (LEAs) Five Year Listing issued by the California Department of Education (CDE) School Fiscal Services Division, for the fiscal year(s) of costs.
- (08) Indirect Costs for Non Test Claims. This is for Reimbursement Claims, including IRCs, and Training. From the Total Direct Costs, line (05)(f), deduct Total Fixed Assets, line (05)(d) and any other item excluded from indirect cost distribution base in accordance with CSAM Procedure 915. Enter zero if there are no exclusions. Multiply Total Direct Costs of, excluding Test claims, lines (05)(g) minus (04)1(g), by the Indirect Cost Rate, line (07).
- (09) Total Direct and Indirect Costs: Enter the sum of direct and indirect costs by adding line (05)(g), line (06) and line (08).
- (10) Less: Offsetting Savings. If applicable, enter the total savings experienced by the claimant as a direct result of this mandate. Submit a detailed schedule of savings with the claim
- (11) Less: Other Reimbursements. If applicable, enter the amount of other reimbursements received from any source including, but not limited to, service fees collected, federal funds, and other state funds, that reimbursed any portion of the mandated cost program. Submit a schedule detailing the reimbursement sources and amounts.
- (12) From Total Direct and Indirect Costs, line (09), subtract the sum of Offsetting Savings, line (10), and Other Reimbursements, line (11). Enter the remainder on this line and carry the amount forward to Form FAM-27, line (13) for the total claimed amount of reimbursement claim.

PROGRAM <b>042</b>		MANDATE REIMBURSEMENT PROCESS ACTIVITY COST DETAIL						FORM <b>2</b>	
(01) Claimant				(02) Fiscal Year					
(03) Reimbursable Activities: Check only one box per form to identify the activity being claimed.									
<div><input type="checkbox"/> Test Claims<div>Training</div><input type="checkbox"/> Classes<input type="checkbox"/> Commission Workshops</div> <div><input type="checkbox"/> Reimbursement Claims</div>									
(04) Description of Expenses				Object Accounts					
(a) Employee Names, Job Classifications, Functions Performed and Description of Expenses	(b) Hourly Rate or Unit Cost	(c) Hours Worked or Quantity	(d) Salaries and Benefits	(e) Materials and Supplies	(f) Fixed Assets	(g) Contract Services	(h) Travel and Training		
(05) Total <input type="text"/> Subtotal <input type="text"/> Page: ____ of ____									

<b>PROGRAM</b> <b>042</b>	<b>MANDATE REIMBURSEMENT PROCESS</b> <b>ACTIVITY COST DETAIL</b> <b>INSTRUCTIONS</b>	<b>FORM</b> <b>2</b>
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- (01) Claimant. Enter the name of the claimant.
- (02) Fiscal Year. Enter the fiscal year for which costs were incurred.
- (03) Reimbursable Activities. Check the box which indicates the activity being claimed. Check only one box per form. A separate Form 2 must be prepared for each applicable activity.
- (04) Description of Expenses. The following table identifies the type of information required to support reimbursable costs. To detail costs for the activity box checked in block (03), enter the employee names, position titles, a brief description of the activities performed, actual time spent by each employee, productive hourly rates, fringe benefits, supplies used, contract services, and travel expenses. **The descriptions required in column (4)(a) must be of sufficient detail to explain the cost of activities or items being claimed.** For audit purposes, all supporting documents must be retained by the claimant for a period of not less than three years after the date the claim was filed or last amended, whichever is later. If no funds were appropriated and no payment was made at the time the claim was filed, the time for the Controller to initiate an audit will be from the date of initial payment of the claim. Such documents must be made available to the SCO on request.

Object/ Sub object Accounts	Columns								Submit supporting documents with the claim
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	
<b>Salaries and Benefits</b>									
Salaries	Employee Name/Title	Hourly Rate	Hours Worked	Salaries = Hourly Rate x Hours Worked					
Benefits	Activities Performed	Benefit Rate		Benefits = Benefit Rate x Salaries					
<b>Materials and Supplies</b>	Description of Supplies Used	Unit Cost	Quantity Used		Cost = Unit Cost x Quantity Used				
<b>Contract Services</b>	Name of Contractor Specific Tasks Performed	Hourly Rate	Hours Worked Inclusive Dates of Service			Cost=Hourly Rate x Hours Worked or Total Contract Cost			Copy of Contract and Invoices
<b>Fixed Assets</b>	Description of Equipment Purchased	Unit Cost	Usage				Cost= Unit Cost x Usage		
<b>Travel and Training</b>	Purpose of Trip Name and Title Departure and Return Date	Per Diem Rate Mileage Rate Travel Cost	Days Miles Travel Mode					Total Travel Cost = Rate x Days or Miles	
Training	Employee Name/Title Name of Class		Dates Attended					Registration Fee	

- (05) Total line (04), columns (d) through (h) and enter the sum on this line. Check the appropriate box to indicate if the amount is a total or subtotal. If more than one form is needed to detail the activity costs, number each page. Enter totals from line (05), columns (d) through (h) to form 1, block (04), columns (a) through (e) in the appropriate row.

<b>Program</b> <b>042</b>	<b>MANDATE REIMBURSEMENT PROCESS</b> <b>PROGRAM DETAIL</b>		<b>FORM</b> <b>3</b>
(1) Claimant		(2) Fiscal Year	
(3) Total Costs Claimed by Program			
Name of Program			Total Direct and Indirect Costs
<b>(4) Test Claims</b>			
(5) Total Test Claims			
<b>(6) Reimbursement Claims including Incorrect Reduction Claims (IRCs)</b>			
<b>A. IRCs</b>			
<b>B. Reimbursement Claims</b>			
(7) Total Reimbursement Claims and IRCs			
(8) Grand Total Direct and Indirect			
(9)			Page: ____ of ____

<b>Program</b> <b>042</b>	<b>MANDATE REIMBURSEMENT PROCESS</b> <b>PROGRAM DETAIL</b> <b>INSTRUCTIONS</b>	<b>FORM</b> <b>3</b>
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**Complete Form 3 for the total costs claimed by program for Test Claims, Incorrect Reduction Claims and Reimbursement Claims.**

- (1) Claimant. Enter the name of the claimant.
- (2) Fiscal Year. Enter the fiscal year for which costs were incurred.
- (3) Total Costs Claimed by Program. (No entry required.)
- (4) Test Claims. List successful Test Claims and total claimed amount (Direct and Indirect Costs).
- (5) Enter the total claimed amount for successful Test Claims.
- (6) A. IRCs. List all successful IRC's by Program and total claimed amount (Direct and Indirect Costs).
- B. Reimbursement Claims. List all successful Reimbursement Claims by Program and total claimed amount (Direct and Indirect Costs).
- (7) Enter the total amount for IRCs and Reimbursement Claims.
- (8) Grand Total. Add line (5) and line (7). **[Note:** This amount must reconcile with the amount shown on Form 1, line (09)].
- (9) Enter the number of pages on line (9) if more than one form is required.